



U.S.-Panama Trade Promotion Agreement *Agriculture Overview*

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The U.S.-Panama Trade Promotion Agreement (PTPA) was signed on June 28, 2007. This comprehensive trade agreement will eliminate tariffs and other barriers to goods and services, promote economic growth, and enhance trade between the United States and Panama.

- Panama is already an important market for America's farmers and ranchers. In 2009, the United States exported roughly \$362 million of agricultural products to Panama. Top U.S. exports were corn, soybean cake and meal, wheat, rice, and horticultural products.
- With the PTPA in place, agricultural trade between the United States and Panama will change from a one-way street to a two-way street.
 - Currently, less than 40 percent of U.S. agricultural exports enjoy duty-free access to the Panamanian market. Under the Caribbean Basin Initiative, more than 99 percent of Panama's agricultural exports enter the U.S. market duty free.
- Many agricultural commodities will benefit from the PTPA as more than half of current U.S. farm exports to Panama will become duty free immediately and most of the remaining tariffs will be eliminated within 15 years.
 - Upon implementation of the PTPA, U.S. agricultural exports will receive duty-free treatment on nearly 56 percent of current trade and will see all tariffs phased out for the remaining products. Panama's preferential treatment will be made permanent.
 - Panama will immediately eliminate duties on high-quality beef, frozen turkeys, sorghum, soybeans, soybean meal, crude soybean and corn oil, almost all fruit products, wheat, peanuts, whey, cotton, and many processed products.
 - The PTPA also provides duty-free tariff rate quotas on standard beef cuts, chicken leg quarters, pork, corn, rice, and dairy products.
- On the regulatory side, Panama has put in place import measures on meat and poultry that are consistent with the World Organization for Animal Health and addressed other sanitary-phytosanitary and technical standards issues. Panama has agreed to recognize the equivalence of the U.S. meat and poultry inspection systems.
- In 2010, Panama finalized a free trade agreement (FTA) with Canada. In addition, Panama currently has FTAs in place with Costa Rica, Chile, El Salvador, Guatemala, Honduras, Nicaragua, Singapore, and Taiwan. Panama is also negotiating new FTAs with Colombia and considering FTA negotiations with Korea, India, and Peru. The United States faces strong competition as Panama's FTA partners increase their share in Panama's total agricultural imports. Should the United States not implement the PTPA, the U.S. share of Panama's agricultural imports, which stood at 51 percent in 2009, are expected to steadily erode as trade agreements with competitor countries take hold, leaving U.S. exporters in an increasingly disadvantaged position.